

# **EXHIBIT 62**

## **REDACTED**

## Master Comms Doc: First Price Auction/Unified Pricing

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### Additional resources:

[Publisher Event Leak - April 2019](#)  
[Initial Announcement Comms Doc](#)  
[Adweek Interview](#)

## BACKGROUND

The programmatic ecosystem has evolved from a pure second price auction to a much more complex marketplace consisting of concurrent and sequential auctions with a mix of first and second price. This complexity has created inefficiencies for everyone in the market. By switching to a first price auction for Google Ad Manager, we can help reduce this complexity and create a more fair and transparent market.

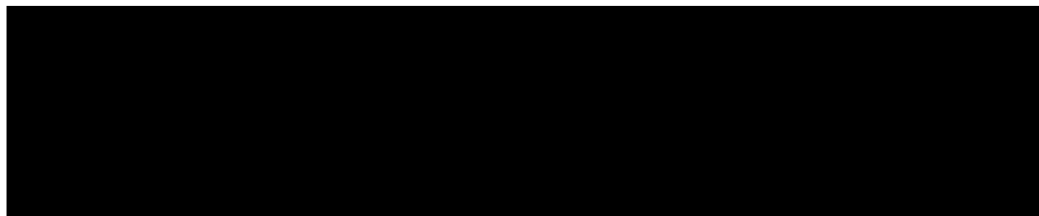
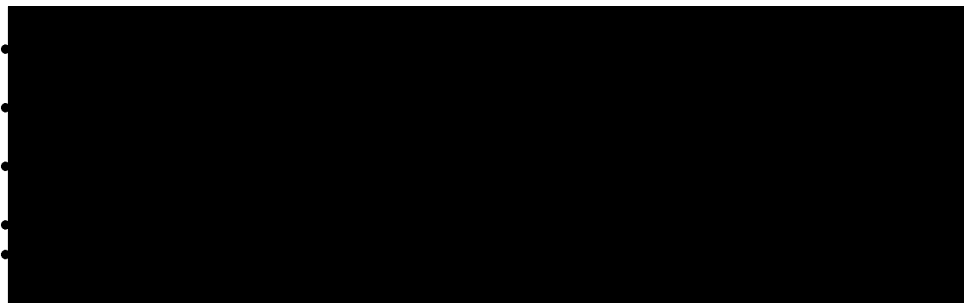
### Launch Timeline:

- March 2019: Initial Announcement
- May 2019: 5% traffic tests begin
- May 2019: Publisher User Groups / Unified Pricing
- July 2019: Ramp Up to 10%
- September 4, 2019: Alert publishers
- September 5, 2019: Blog post about the changes goes live; Global Roll-Out at 100%

## MESSAGING

### Key Messages

- We are committed to helping our partners grow their revenue and create sustainable businesses with advertising.
  - We are working to simplify programmatic for our partners - Reducing complexity in our platforms and across the ad technology industry has been a key initiative for Google, and was the key driver of bringing together DoubleClick for Publishers and DoubleClick Ad Exchange into Google Ad Manager last year.
  - We are not the first to switch to a first price auction, but we are announcing it early to give our partners time to adjust to this change.
  - Simplifying our third party display auction will help create an equal and fair auction for all advertising buyers and help reduce the complexity of the third party display ecosystem. A first price, unified auction will help to create a more fair auction for all buyers.
  - This change has NO impact to the second price auctions for ads on Google Search, YouTube and other O&O inventory
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**STATEMENTS**

Point reporters back to our last blog post [here](#).

**MEDIA LIST****Reporters covering this topic include:**

- AdExchanger, Sarah Sluis
- Adweek, Ronan Shields
- Digiday, Jess Davies
- Business Insider, Lauren Johnson
- AdAge, George Slefo
- Axios, Sara Fischer

**PR MOMENTS**

Date	Action
March 7	Blog post: Google Ad Manager is moving to a 1st price auction in 2019 ( <a href="#">Doc</a> )
April	Publisher event & leak to AdExchanger re/ unified pricing ( <a href="#">Doc</a> )
April 24	Brad Bender Q&A at Programmatic IO ( <a href="#">Doc</a> )
May	<a href="#">Clarifying blog post</a>

June	AdMonsters
July 9	AdExchanger Q&A with Jason Bigler
September 5	<u>Blog post goes live</u> Share blog post more broadly with an expanded list of trades A+P to deliver EOD coverage report

## FAQ

### Q: Can you explain why you are taking that step and what impact you expect it to have on the ecosystem?

- In its earliest days, programmatic buying was much more simple and straightforward.
- Publishers typically used only one auction to sell their ad inventory and it was usually second price.
- This made sense because auction theory dictates that when there is a single auction and a single seller for an impression, a second price auction will provide the best value for both advertisers and publishers.
- Fast forward to today and the programmatic ecosystem has evolved into a much more complex marketplace where a single ad can pass through a mix of auctions, with different rules, before a winning bid price is selected and an ad is served.
- I believe, and I think marketers and publishers would agree, that the complexity of the programmatic ecosystem is not sustainable. In fact, this complexity may be one of the biggest drivers of many of the challenges we as an industry are facing today.
- Just think about all of the challenges in the market - e.g. measurement, transparency, fees, fraud. They're all much harder because of the complexity we've created.
- That's why we've been taking steps to simplify our platforms, like combining our publisher ad server and ad exchange to become Google Ad Manager, and moving to a unified first price auction in Ad Manager.
- By switching to a single first price auction, we can help reduce complexity and create a fair and transparent market for everyone.
- We believe in the long run this will benefit the programmatic ecosystem.
- I want to make sure I'm clear that this change to a first price auction only impacts display and video inventory sold via Ad Manager. This change will have no impact on auctions for ads on Google Search, AdSense for Search, YouTube, and other Google properties.

### Q: Is Google's move to first price auctions anti-competitive?

- Not at all. It will actually increase competition for publisher inventory and potentially increase publishers ad revenue by reducing artificial barriers to certain demand sources.
- Publishers have been a part of our product development process. Many of the features we're building into the product are features our publisher partners have asked us to build.

- We've hosted user focus groups with 400 partners worldwide to discuss this rollout and get input on this launch. We have already adjusted some aspects of the program because of feedback we received during the user focus groups.
- News Corp is an outlier. Most publishing partners and even some of our competitors are supportive of the move to first price auction and unified pricing. [Check out this blog post](#).
- Google is the last of the major programmatic exchanges to move to first price auctions. OpenX, Index Exchange, AppNexus, etc have been operating as first price auctions for years.
- It's important to note that as part of this change, we will be removing the "last look" that Ad Manager Auction demand and Exchange Bidding demand had over other non-guaranteed indirect demand (including Header Bidding). This means that the auction will have consistent rules for all advertising demand (including Google demand).
- A lack of transparency is one of the most common complaints we hear about the ad tech ecosystem. Google's move to first price auctions is a big step towards increased transparency and will allow publishers to accurately assess the true market value of their inventory.

**Q: What specific impacts do you expect for buyers and sellers?**

- For marketers and advertisers this change should have little impact. Many other SSPs and exchanges already fully run or partially run first price auctions, and our buy side platforms already have technology in place to help continue to find the best inventory for marketers while meeting their goals.
- Marketers using Google Ads do not need to take any action - our display auction algorithms will handle this change automatically
- For marketers using Display & Video 360, we have two features available that we recommend using - [Automated Bidding](#) and [Optimized Fixed CPM Bidding](#). These features are already in place and are already being used to manage bids into first price auctions on other exchanges.
- For marketers not using our solutions, I'd suggest following up with the buying platforms you are using to understand how they're managing first price auctions today.
- For publishers, our switch to a unified first price auction is another step in our goal to help our partners continue to grow and create sustainable businesses with advertising.
- We believe our switch to a first price auction will help publishers more easily manage all of their demand from one place and allow us to provide more transparency with full bid data from their auctions. (including Google Ads and Display & Video 360 bids)
- The immediate change they'll need to make is to adjust how they use price floors.
  - Today publishers are using floor prices to close the gap between a marketers bid and the winning price of the auction. When we move to a first price auction, they'll need to adopt new strategies to price their inventory and manage yield with floors.
- But addition to simplifying our platform, we're also working on new ways to use data and machine learning to deliver more insights and optimizations to support publishers

**Q: I heard from a few of your customers that they're not so happy about the changes you're making to their floor price controls. I heard you hosted a meeting at Google and there was a spirited conversation about your upcoming Unified Floor Prices?**

- Yes. We regularly host discussions with publisher partners to get their feedback and answer questions. It's an important part of our product development process.
- We understand that the changes we make have an impact on how our customers operate their businesses.

- So, on that day, we invited some of our top partners into our offices to discuss and give us feedback on the changes we're making for the unified first price auction. A change we recognize is significant for the industry.
- It was a spirited discussion - which wasn't surprising at all given the impact of this change on how publishers manage yield.
- And at the end of the session, despite some of the concerns expressed, we received positive feedback for hosting the forum and having the honest dialog.
- It's also important to note that we've heard from several large partners who are supportive of the new direction (as demonstrated by the testimonials on our [blog post](#))
- Our goal with the unified auction changes is to create a more sustainable, simple and transparent ecosystem with consistent rules for all sources of non-guaranteed demand, across all channels.
- Unified pricing is part of a unified auction. This increases competition for publisher inventory by reducing artificial barriers to certain demand sources.
- We believe this is necessary to create a more efficient programmatic market.
- Reactive if necessary
  - Our unified floor pricing rules feature will allow publishers to set floor prices that impact all sources of non-guaranteed demand (DSPs, Exchange bidding SSPs, Header Bidding line items, and non-guaranteed line items) Unified pricing rules will not allow floor prices to be set for one of these demand sources individually, doing so would create unequal access for buyers.
  - Publishers can still set up different floors for different advertisers through unified pricing rules
  - We firmly believe that these changes will be pro-competitive.
  - As you know, as part of this change, we will be removing the "last look" that Ad Manager Auction demand and Exchange Bidding demand had over other non-guaranteed indirect demand (including Header Bidding).

**Q: Why are you only changing Ad Manager to first price?**

- We fully believe that second price auctions provide the best outcome for both advertisers and publishers. But this only holds true when there is only a single auction and a single seller for that inventory. In the third party programmatic ecosystem this does not exist.

**Q: Is Google's move to first price auctions anti-competitive?**

- Not at all. It will actually increase competition for publisher inventory and potentially increase publishers ad revenue by reducing artificial barriers to certain demand sources.
- Publishers have been a part of our product development process. Many of the features we're building into the product are features our publisher partners have asked us to build.
- We've hosted user focus groups with 400 partners worldwide to discuss this rollout and get input on this launch. We have already adjusted some aspects of the program because of feedback we received during the user focus groups.
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- Google is the last of the major programmatic exchanges to move to first price auctions. OpenX, Index Exchange, AppNexus, etc have been operating as first price auctions for years.
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demand (including Header Bidding). This means that the auction will have consistent rules for all advertising demand (including Google demand).

- A lack of transparency is one of the most common complaints we hear about the ad tech ecosystem. Google's move to first price auctions is a big step towards increased transparency and will allow publishers to accurately assess the true market value of their inventory.

**Q: I heard you were delaying the roll-out of first price auctions. Why?**

- We've adjusted our product rollout timeline by a few weeks to give publishers more time to test the new functionality. So, at the end of July, we'll ramp up the experiment from 5% to 10% of overall traffic and a few weeks later (ETA is early September), we'll ramp up to 100%.

**Additional Questions from reporters**

***AdExchanger - Sarah Sluis -***

**1) on average, first price auctions have a neutral to positive impact on a publisher's total revenue—revenue from all their advertising sources—when compared to second price auctions. How did you measure this? isn't revenue dependent on how aggressively a DSP bid shades? And the floors publisher set? Did measurement take any of this into account? Could it change once it's at 100%?**

We measured the impact by comparing bids and revenue on the 10% of traffic that had transitioned to a first-price auction, with similar traffic that is still operating under the second-price auction model. The impact measured is dependent on the bidding logic employed by the participating DSPs and Ad Networks, and also on the floor prices that publishers have configured. As we transition all traffic to the first-price auction model, we expect to see some fluctuation in the short-term as the market reaches a new equilibrium, but this will stabilize, and we expect the aggregate revenue impact to be neutral to positive overall.

**2) In addition, we found evidence that first price auctions have created a more competitive market, resulting in third parties (Demand Side Platforms and Ad Networks outside of Google) and indirect line items (like those from Header Bidding implementations) winning an increased share of impressions.**

**To be clear, this means that Google's exchange won fewer impressions, and Google AdWords won fewer impressions. Anything additional there to share? How much less?**

In aggregate, third-party DSPs and Ad Networks (Ad Exchange buyers outside of Google) bidding into Ad Manager's unified auction won a higher share of impressions, with Google Ads and Display & Video 360 winning a lower share. Also, Price Priority line items (including those informed by Header Bidding) line items also won a higher share of impressions. These findings vary from publisher to publisher.

***New Qs from AdExchanger -***

-- A clarification on answer #2 - In the blog post it says that first-price auctions caused Google to win less - but in your answer it sounds like it was the unified aspect of open bidding, aka the removal of last look that led to the decrease - is that correct? Want to be clear on what specifically changed that is causing a more fair auction.

It's a combination of factors, not only the removal of last look. The transition to a unified, first price auction includes a number of changes and it's difficult to disentangle the effect of individual parts. The transition includes migrating Ad Manager to a first price auction, removing the ability for indirect/remnant line items to inform the reserve price in the Ad Manager auction (aka removal of "last look"), unified protections, and the unification of floor prices. In addition, 3rd party DSPs and Networks implemented changes in bidding logic for the first-price auction. Now they can bid into Google's auction the same way they do on most other major SSPs, which already migrated to 1st price over the past 2 years. Instead of maintaining 2 algorithms they can focus on one. Altogether, these changes have resulted in third-party DSPs and Ad Networks, along with indirect/remnant line items winning a higher share of impressions in the unified auction.

--provides data from all the bids submitted to your auctions. With this Bid Data Transfer file, you'll be able to create a full bid landscape that shows the range and number of bids you received, across dimensions like ad unit and **buyer**. **What does buyer mean here? Do publishers find out that P&G is bidding X or is it more like Trade Desk or something less specific or anonymized?**

Publishers will have access to bids from every individual buyer i.e. the DSP, Ad Network or Exchange (for eg. Trade Desk, Display & Video360 or Google Ads) and advertiser (eg. P&G) that submitted the bid into each Ad Manager auction through their data transfer files.

--Buyers will receive the minimum bid price to win after the auction closes. This feedback will help you understand when to bid higher to win valuable inventory. **Do buyers get any other info? Do they find out bid density or range and number of bids? Or is that information only available to sellers?**

While buyers receive the minimum bid price to win feedback on prior auctions, the bid request doesn't contain any information on the bid density or number of bids into any single auction. The bid request also has information including the floor price, various blocks chosen by the publishers, allowed ad formats, etc in order to make sure that buyers submit bid according to the rules established by the publisher.

--This dialogue led to changes such as increasing the maximum number of price rules. **What is the max number?**

There is a limit of 200 active unified pricing rules per account (increased from 100), while we keep offering exceptions for publishers who need more rules.

*New Questions from AdExchnager*

**The minimum price to win is the publisher's floor? Or what the impression ended up clearing it?**

The minimum price to win includes the publisher's floor, but also other factors like higher competing bids. For example, if there's a floor of \$2, I bid \$3, and you bid \$4, then the minimum bid to win that I receive is \$4. If I had bid \$1 and you did not bid, the minimum bid to win would be \$2.

**Also - networks = exchanges?**

Networks and exchanges. Not sure I understand your question.



also - one more quick question from my editor on this point:

In addition, we found evidence that first price auctions have created a more competitive market, resulting in third parties (Demand Side Platforms and Ad Networks outside of Google) and indirect line items (like those from Header Bidding implementations) winning an increased share of impressions.

Who is winning less impressions? Google Ad Manager? Google? DV360/AdWords? I thought Google Ad Manager but now I'm not quite sure.

3rd parties are winning more. That includes 3rd party demand side platforms that compete directly with our buy-side platforms.

#### **Adweek - Ronan Shields**

I just wanted to give you guys right to reply as to some of the criticism(s) that have been levelled at the FPA roll out in recent weeks, in particular [those voiced here](#). Do you care to provide comment on record or point me in the direction of an alternate viewpoint from an external source?

**Are Unified Pricing Changes Good For Publishers Or Good For Google?**

#### **PARTNER REFERENCES**

Type	Partner	Partner Contact Name	Partner Contact Details
Publisher	[REDACTED]	[REDACTED]	[REDACTED]
Publisher	[REDACTED]	[REDACTED]	[REDACTED]
Publisher	[REDACTED]	[REDACTED]	[REDACTED]
Publisher	[REDACTED]	[REDACTED]	[REDACTED]
Publisher	[REDACTED]	[REDACTED]	[REDACTED]
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Authorized Buyer	[REDACTED]	[REDACTED]	[REDACTED]

